ACTION PLANNER SERIES

Will you outlive your retirement income?

Planning for retirement income

To help ensure that your retirement income lasts for as long as you live, it's important to consider the type of retirement assets you own, the return you may earn on these assets each year, and the amount of income you withdraw each year. Investments with high growth potential like stocks may help extend the life of your retirement income, but you may still run out of money if you withdraw too much each year. Take a look at the examples below to see what the likelihood is for your income to last 30 or 35 years, given certain withdrawal rates and stock/bond allocations.

Probability that your assets will last throughout your retirement*

Initial withdrawal amount	30-year retirement Stock/Bond mix					35-year retirement Stock/Bond mix				
	20/80	40/60	60/40	80/20	100/0	20/80	40/60	60/40	80/20	100/0
3%	99%	99%	99%	98%	97%	98%	99%	98%	96%	94%
4%	85	89	90	87	85	67	78	81	81	80
5%	43	57	66	69	69	24	44	55	60	62
6%	10	26	41	49	52	3	16	31	41	46
7%	1	7	21	30	38	0	3	13	24	32
8%	0	1	7	17	25	0	1	4	12	21

Assuming 4% withdrawal from a 60/40 stock portfolio, there's a 19% chance that your income would fail to last a 35-year retirement.

*Likelihood of having at least $1 remaining in the portfolio at the end of the retirement period.

The hypothetical table shows the probability that your assets will last through a 30- and 35-year retirement, given certain withdrawal rates and stock/bond allocations.

Source: T. Rowe Price, 2022. Projections shown above assume the withdrawal in the first year is the stated percent of the original portfolio value. Each year thereafter, the amount withdrawn is adjusted upward 3% to account for inflation. **IMPORTANT: This illustration is hypothetical in nature, does not reflect actual investment results and is not a guarantee of future results.** Monte Carlo Analysis is hypothetical in nature, does not reflect actual investment results, and is not a guarantee of future results. It is based on a number of assumptions. There can be no assurance that the results shown will be achieved or sustained. Results may vary, and such results may be better or worse than the simulated scenario. Underlying long-term expected annual returns for the asset classes are not based on historical returns. Rather, they represent assumptions that take into account, among other things, historical returns. They also include T. Rowe Price estimates for reinvested dividends and capital gains. These assumptions, as well as an assumed degree of fluctuation of returns around these long-term rates, are used to generate random monthly returns for each asset class over specified time periods. The monthly returns are then used to generate thousands of scenarios, representing a spectrum of possible return outcomes for the modeled asset classes. Success rates are based on these scenarios.

This material is intended only for educational purposes to help you, with the guidance of your financial professional, make informed decisions.

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ACTION PLANNER **Action steps**

- [ ] **Consider an annuity for protected lifetime income.** An annuity can offer you protected lifetime income for as long as you—or you and your spouse—live, depending on your choice of a Single Life or Joint Life income option.
- [ ] **Schedule an appointment with your financial professional.** He/she can review your personal financial situation, including your investment goals, tolerance for risk and income needs.
- [ ] **Ask your financial professional if incorporating an annuity** into your retirement income strategy may make sense for you.

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